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# Weinberger smelled trouble from the start on Iran arms

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In June 1985, an unusual CIA report crossed the desk of Defense Secretary Caspar W. Weinberger.

An analysis of the situation in Iran, the document would help lay the foundation for President Reagan's ultimate decision to sell arms in hopes of cultivating ties with moderate factions in that country.

It was forwarded by the White House's National Security Council staff to Mr. Weinberger for comment.

If Weinberger aides are to be believed, the defense secretary and close Reagan friend smelled trouble from the moment he read the document. And if Mr. Weinberger is to be believed, the Pentagon subsequently avoided — as much as it could — any involvement in an operation that has burgeoned into the biggest political crisis of Mr. Reagan's presidency.

Mr. Weinberger, like so many of the president's top aides, has flatly denied any knowledge of how the Iranian arms deal was arranged, how the weapons were transferred to Iran, how much money was paid for the weapons, and the circumstances surrounding the diversion of proceeds to the U.S.-backed Nicaraguan resistance.

He has pronounced himself "horrified" to learn of the diversion of money to the Contras and stated that the president received some bad advice in the affair, beginning with former National Security Adviser Robert McFarlane.

Mr. Weinberger's public statements, however, have not provided the Pentagon a clean bill of health in the affair. Congressional investigators — and now the Army's inspector general as well — have opened inquiries to determine how the Pentagon fixed the price of weapons that

it transferred to the CIA for ultimate sale to Iran.

The administration has said 2,008 TOW anti-tank missiles, along with spare parts for Hawk air-defense missiles, were drawn from Pentagon stocks for the CIA at the president's direction.

Pentagon officials, speaking on condition of anonymity, acknowledge the \$12.2 million charged the CIA for the missiles was too little, even allowing for the fact that the weapons were old, basic models that are no longer produced.

Congressional sources say that fee is especially suspicious because it conveniently allowed the administration to avoid a \$14 million threshold for reporting foreign arms sales while creating great leeway for generating a "profit."

Attorney General Edwin Meese III has said as much as \$30 million in profit from the weapons sales may have been diverted to the Contras.

All of the sources agree, however, that more than a month after the operation was revealed, there is no evidence Mr. Weinberger knew what the Iranians were being charged or that money was being diverted.

"It really does appear as if Weinberger and his people either deliberately muzzled their curiosity or else were deliberately kept in the dark after the missiles went to the CIA," said one congressional aide.

"And he was certainly on the right side of the affair with his advice to Reagan," the source added, noting Mr. Weinberger advised the president against selling arms to Iran.

That advice, according to Pentagon sources, began with the defense secretary's receipt of the CIA report last year.

Produced in May 1985, the report concluded there was evidence of a developing power struggle inside

Iran and reason to believe the Soviet Union was ahead of the United States in preparing for the death or downfall of the Ayatollah Ruhollah Khomeini, according to informed sources.

The report prompted a draft national security directive from the White House proposing that U.S. allies be urged to cultivate trade with Iran — including military equipment.

Mr. Weinberger, the sources say, reacted strongly.

He wrote a note to Assistant Defense Secretary Richard Armitage outlining the recommendation he wanted to send to the White House: "This is almost too absurd for comment. It's based on assumptions there's about to be a major change in Iran and that we can deal with that rationally. It's like inviting (Libyan leader Muammar) Qaddafi over for a cozy lunch."

By January, however, Mr. Reagan had decided to authorize direct U.S. arms shipments to Iran. The defense secretary has said he was informed of the decision by the president and told to assist the CIA by providing weapons for the transaction.

According to Defense Department sources, there were at least five men within the Pentagon who knew arms were being transferred to the CIA: Mr. Weinberger; his former military aide, Lt. Gen. Colin Powell; his current aide, Vice Adm. Donald S. Jones; Mr. Armitage, the assistant defense secretary for international security affairs; and Deputy Defense Secretary William H. Taft IV.

The sources maintain all five also probably knew the arms were destined for Iran in line with a decision by the president, because the normal procedures for secret transfers of weapons to the CIA were not being followed.